MUTALE

LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013

Annual Financial Statements

for

Mutale Municipality

for the year ended 30 June: ***2013***

Province: Limpopo

AFS rounding: **R (i.e. only cents)**

Contact Information:

Name of Acting Municipal Manager:	Razwiedani Shumani Samuel
Name of Chief Financial Officer:	Marutha Melvin
Contact telephone number:	015 967 9608
Contact e-mail address:	melvinm@mutale.gov.za
Name of contact at provincial treasury:	Rapholo M.G
Contact telephone number:	015 291 8437
Contact e-mail address:	rapholomg@treasury.limpopo.gov.za
Name of relevant Auditor:	Auditor General South Africa
Contact telephone number:	015 283 9300
Contact e-mail address:	thabomog@agsa.co.za
Name of contact at National Treasury:	Nekhavhambe Obrey
Contact telephone number:	
Contact e-mail address:	Obrey.nekhavhambe@treasury.gov.za

Mutale Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

General information

Members of the Council

CouncillorN.J Mukwevho	**Mayor**
Councillor L.H Netshipise	**Speaker**
Councillor A.H Nekhunguni	Chief Whip
Councillor N.A Lieba	Member of the Executive Committee
Councillor A.G Netshisaulu	Member of the Executive Committee
Councillor A.S Rambuda	Member of the Executive Committee
Councillor T.S Madume	
Councillor L.D Mpondo	
Councillor A.B Matshusa	
Councillor K.P Tshivhenga	
Councillor A.R Mavhungu	
Councillor N.G Mawela	
Councillor N.P Munzhelele	
Councillor M.J Mariba	
Councillor K.A Lukhalimana	
Councillor H.N Nephali	
Councillor N.E Mudzielwana	
Councillor T.S Pandelane	
Councillor V.R Maisha	
Councillor T.J Raluswinga	
Councillor A.S Thabatshira	
Councillor G.G Nekhubvi	
Councillor J.K Khunwana	
Councillor R.L Gababeni	
Councillor M.P Mbedzi	
Councillor L.M Netshisaulu	

General information (continued)

Registered Office:	Old Manenu Building,Battalion Building,Mutale Town
Physical address:	New Municipal Offices Mutale 0956
Postal address:	**PRIVATE BAG X1254** MUTALE 0956
Telephone number:	015 967 9600
Fax number:	015 967 9677
E-mail address:	**info@mutale.gov.za**

Mutale Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages x to x, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.
I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

_____

Municipal Manager:

DATE

Mutale Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

Index	Page
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Information	9
Accounting Policies	10-20
Notes to the Annual Financial Statements	21-53

Mutale Municipality
Satement of Financial Position
as at 30 June 2013

	Note	2013 R	2012 R
ASSETS			
Current assets		**40 718 543**	**14 861 416**
Inventories	2	121 287	107 265
Cash and cash equivalents	3	20 368 910	97 192
Trade and other receivables from exchange transactions	4	1 716 238	1 580 136
Trade and other receivables from non-exchange transactions	5	8 129 620	5 497 486
VAT receivable	11	10 382 489	7 579 337
Non-current assets		**76 260 208**	**66 018 401**
Property, plant and equipment	6	73 656 535	63 414 728
Intangible assets	7	253 673	253 673
Investment Property	8	2 350 000	2 350 000
Total assets		**116 978 751**	**80 879 817**
LIABILITIES			
Current liabilities		**51 965 623**	**32 705 742**
Trade and other payables from exchange transactions	9	18 874 282	19 237 156
Consumer deposits	10	213 434	212 587
Current portion of unspent conditional grants and receipts	13	32 568 724	12 834 635
Current portion of long-term borrowings	14	309 183	274 015
Current portion of finance lease liability	15	-	147 349
Non-current liabilities		**2 571 640**	**1 908 823**
Non-current borrowings	14	848 640	1 157 823
Non-current provisions	12	1 723 000	751 000
Total liabilities		**54 537 263**	**34 614 565**
Net assets		**62 441 488**	**46 265 252**
NET ASSETS			
Accumulated surplus		62 441 488	46 265 252
Total net assets		**62 441 488**	**46 265 252**

Mutale Municipality
Statement of Financial Performance
for the year ending 30 June 2013

	Note	2013 R	2012 R
REVENUE			
Revenue from exchange transactions		**4 585 985**	**5 750 513**
Service charges	17	248 714	224 660
Rental of facilities and equipment	18	55 114	63 706
Interest earned - external investments	19	400 833	385 059
Interest earned - outstanding receivables	20	575 392	1 153 184
Licences and permits		2 107 167	2 290 354
Other income from exchange transactions	22	1 198 765	1 633 550
Revenue from non-exchange transactions		**66 390 588**	**64 722 479**
Property rates	16	1 440 293	3 315 697
Fines		538 020	468 680
Government grants and subsidies	21	64 412 275	60 938 102
Total revenue		**70 976 573**	**70 472 992**
EXPENSES			
Employee related costs	23	28 537 173	24 817 545
Remuneration of councillors	24	6 630 878	6 336 832
Bad debts		668 167	126 245
Depreciation and amortisation expense	25	2 127 156	1 758 712
Repairs and maintenance		1 308 756	2 228 726
Finance costs	26	183 613	1 926 925
Contracted services	27	1 503 211	546 361
General expenses	28	9 312 834	13 123 513
Total expenses		**50 271 787**	**50 864 861**
Impairment loss	29	-4 528 550	-
Gain on fair value adjustment	30	-	453 770
Surplus for the period		**16 176 236**	**20 061 901**
Surplus for the period		**16 176 236**	**20 061 901**
Attributable to owners of the controlling entity		**16 176 236**	**20 061 901**
		-	**-**
Surplus for the period		**16 176 236**	**20 061 901**

Mutale Municipality

Statement of Changes in Net Assets

as at 30 June 2013

		Note	Accumulated Surplus/(Deficit)	Total: Net Assets
			R	R
Balance at 30 June	**2011**		**29 893 335**	29 893 335
Changes in accounting policy				-
Correction of prior period error		33	-3 689 984	-3 689 984
Restated balance			**26 203 351**	26 203 351
Correction of prior period error				-
Other items				-
Other items				-
Net gains and losses not recognised in the statement of financial performance				-
Transfers to / from accumulated surplus/(deficit)				-
Surplus / (deficit) for the period			20 061 901	20 061 901
Balance at 30 June	**2012**		**46 265 252**	**46 265 252**
Correction of prior period error				-
Surplus / (deficit) for the period			16 176 236	16 176 236
Balance at 30 June	**2013**		**62 441 488**	**62 441 488**

Mutale Municipality
Cash Flow Statements
as at 30 June 2013

	Note	2013 R	2012 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**85 368 482**	**63 099 161**
Sales of goods and services		16 686	6 668 171
Grants		84 375 572	54 892 748
Interest received		976 225	1 538 243
Other receipts			
Payments		**47 060 514**	**54 048 745**
Employee costs		34 376 051	30 403 377
Suppliers		12 500 850	21 718 443
Interest paid		183 613	1 926 925
Other payments			
Net cash flows from operating activities	31	**38 307 968**	**9 050 416**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)			
Proceeds from sale of fixed assets		-17 614 886	-8 867 552
Proceeds from sale of investments			
Purchase of intangibles			
Decrease/(Increase) in Loans and receivables			
Movement			
Net cash flows from investing activities		**-17 614 886**	**-8 867 552**
CASH FLOWS FROM FINANCING ACTIVITIES		-421 364	-526 360
Proceeds from borrowings			
Repayment of borrowings		-274 015	-242 919
Proceeds from finance lease liability			
Repayment of finance lease liability		-147 349	-283 441
Net cash flows from financing activities		**-421 364**	**-526 360**
Net increase / (decrease) in cash and cash equivalents		20 271 718	-343 496
Net cash and cash equivalents at beginning of period		97 192	440 688
Net cash and cash equivalents at end of period	32	**20 368 910**	**97 192**

Description	2012/2013											2011/2012			
R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	2 455	1 389	1 389			1 389	1 440		(51)	104%	59%				3 316
Service charges	713	296	296			296	249		47	84%	35%				225
Investment revenue	83	427	427			427	401		26	94%	486%				385
Transfers recognised - operational	56 031	46 592	46 592			46 592	42 889		3 703	92%	77%				46 738
Other own revenue	6 776	6 193	6 193			6 193	4 474		1 718	72%	66%				6 027
Total Revenue (excluding capital transfers and contributions)	**66 057**	**54 897**	**54 897**			**54 897**	**49 453**		5 443	90%	75%				**56 691**
Employee costs	30 303	29 717	29 717			29 717	28 522		1 195	96%	94%				25 157
Remuneration of councillors	6 881	6 735	6 735			6 735	6 683		52	99%	97%				6 417
Debt impairment	116	–	–			–	668		(668)	0%	576%				1 371
Depreciation & asset impairment	3 240	1 374	1 374			1 374	2 127		(753)	155%	66%				2 117
Finance charges	337	400	400			400	184		216	46%	55%				–
Materials and bulk purchases	–	–	–			–	–		–	0%	0%				–
Transfers and grants	–	–	–			–	–		–	0%	0%				–
Other expenditure	22 881	22 485	22 485			22 485	12 125		10 360	54%	53%				8 414
Total Expenditure	**63 642**	**60 711**	**60 711**			**60 711**	**50 272**		10 440	83%	79%				**43 477**
Surplus/(Deficit)	2 415	(5 815)	(5 815)			(5 815)	(818)		(4 996)	14%	-34%				13 213
Transfers recognised - capital	16 128	43 077	43 077			43 077	17 543		25 534	41%	109%				13 910
Contributions recognised - capital & contributed assets	–	–	–			–	(4 693)		4 693	0%	0%				
Surplus/(Deficit) after capital transfers & contributions	**18 543**	**37 262**	**37 262**			**37 262**	**12 032**		25 230	32%	65%				**27 123**
Share of surplus/ (deficit) of associate			–			–				0%	0%				
Surplus/(Deficit) for the year	**18 543**	**37 262**	**37 262**			**37 262**	**16 071**		21 191	43%	87%				**27 123**
Capital expenditure & funds sources															
Capital expenditure	18 543	41 387	41 387			41 387	18 430		22 957	45%	99%				–
Transfers recognised - capital	16 128	40 228	40 228			40 228	17 543		22 685	44%	109%				–
Public contributions & donations	–	–	–			–	–		–	0%	0%				–
Borrowing	–	–	–			–	–		–	0%	0%				–
Internally generated funds	2 415	1 159	1 159			1 159	888		272	77%	37%				–
Total sources of capital funds	**18 543**	**41 387**	**41 387**			**41 387**	**18 430**		22 957	45%	99%				–
Cash flows											0%				
Net cash from (used) operating	(12 423)	41 018	41 018			41 018			41 018	77%	0%				19 089
Net cash from (used) investing	(9 572)	(37 859)	(37 859)			(37 859)			(37 859)	77%	0%				(20 797)
Net cash from (used) financing	(964)	(778)	(778)			(778)			(778)	77%	0%				1 003
Cash/cash equivalents at the year end	**(22 959)**	**2 578**	**2 578**			**2 578**			2 578	77%	0%				**(69)**

Notes

3 = sum of colum 1 and 2

2 represents movements in original budget to get to final adjustmenst budget (including shifting of funds)

Virements must offset each other so that virements in Total Expenditure equals zero

Mutale Municipality
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

1 ACCOUNTING POLICIES

1,1 BASIS OF ACCOUNTING

BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 105 - Transfers of Functions Between Entities Under Common Control
GRAP 106 - Transfers of Functions Between Entities Not Under Common Control
GRAP 107 - Mergers
GRAP 18 - Segment Reporting
GRAP 20 - Related Party Disclosures

The following standards, amendments to standards and interpretations have been issued but are not yet effective

GRAP 18 - Segement Reporting

Nature of impending changes in accounting policy:

No significant changes expected

Impact on the municipality's financial statements once implemented:

No significant changes expected

1,2 PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets when:

• it is probable that future economic benefits or service potetional associated with the item will flow to the entity; and

• the cost of the item can be measured reliably.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects

INITIAL MEASUREMENT

Items of property, plant and equipment are initially measured at cost at the acquisition date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

SUBSEQUENT EXPENDITURE

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciable amount is determined after taking into account an assets' residual value, where applicable. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	
Electricity	20
Roads	20
Fencing	14
Other Assets	
Plant and equipment	20
Office Equipment	17
Furniture and fittings	17
Motor Vehicles	10
Other Vehicles	17
Computer Equipment	5
Community	
Buildings	30
Recreational Facilities	30
Bins	8

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

IMPAIRMENT

Refer to accounting policy number 1,16

DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1,3 INTANGIBLE ASSETS

INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitlised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:
• the municipality intends to complete the intangible asset for use or sale;
• it is technically feasible to complete the intangible asset;
• the municipality has the resources to complete the project; and
•it is probable that the municipality will receive future economic benefits or service potential; •the municipality has the ability to measure reliably the expenditure during development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

SUBEQUENT MEASUREMENT

Intangible assets are subsequently carried at cost less accumulated amoritisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

OR

Intangile assets are subsequently carried carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Statement of Financial Performance in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

AMORTISATION

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in acounting estimate in the Statement of Financial Performance.

IMPAIRMENT

Refer to accounting policy number 1,16

DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1,4 INVESTMENT PROPERTY

INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

SUBSEQUENT MEASUREMENT

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. The assumptions for determining the fair value of the Investment property is set out in note 8 of the Financial Statements.

Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

IMPAIRMENT - INVESTMENT PROPERTY HELD AT COST

Refer to accounting policy number 1,16

DERECOGNITION

Investment property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property.

All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1,5 INVENTORIES

INITIAL RECOGNITION AND MEASUREMENT

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of determining cost is the weighted-average method.

DERECOGNITION

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1,6 FINANCIAL INSTRUMENTS

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liabilities,

INITIAL MEASUREMENT

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

INVESTMENTS AT AMORTISED COSTS

Investments, which include [listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks] are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

INVESTMENT AT FAIR VALUE

Investments, which represent investments in residual interest for which fair value can be measured reliably, are subsequently measured at fair value.

Gains and losses in the fair value of such investments are recognised in the Statement of Financial Performance.

INVESTMENT AT COST

Investments at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

TRADE PAYABLES AND BORROWINGS

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilties carried at amortised cost.

IMPAIRMENT OF FINANCIAL ASSETS

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

IMPAIRMENT FOR FINANCIAL ASSETS HELD AT AMORTISED COST

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

IMPAIRMENT OF FINANCIAL ASSETS HELD AT COST

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

DERECOGNITION

A financial asset is derecognised only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset;
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1,7 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1,8 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1,9 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1,1 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating ;
- the expenditures that will be undertaken; and
-when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1,11 BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared.The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approvalthe approved budget is made publicly available

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

1,12 LEASES

MUNICIPALITY AS LESSEE

RECOGNITION

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

DERECOGNITION

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

MUNICIPALITY AS LESSOR

RECOGNITION

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

DERECOGNITION

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

1,13 REVENUE

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

RECOGNITION

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:
a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

b) The amount of revenue can be measured reliably; and
c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

MEASUREMENT

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

EXPENDITURE FROM EXCHANGE

Expenditure arising from exchange-transactions is similar to the policy for exchange revenue.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

RECOGNITION

Revenue from non-exchange transaction arises when the entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

MEASUREMENT

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

EXPENDITURE RELATING TO NON-EXCHANGE TRANSACTIONS

Expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

1,14 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1,15 RETIREMENT BENEFITS

SHORT TERM EMPLOYEE BENEFITS

Short term employee benefits encompasses all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

1,16 IMPAIRMENT OF NON-FINANCIAL ASSETS

RECOGNITION

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount.

MEASUREMENT

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash generating unit.

An asset is part of a cash generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining the recoverable amount (or recoverable service amount) of an asset the entity evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets the value is use is determined as a function of the discounted future cash flows from the asset. In assessing value-in-use for cash-generating assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Where the asset is a non-cash generating asset the value in use is determined through depreciated replacement cost, restoration cost approach or service units approach.The decision to the approach to use is dependent on the nature of the identified impairment.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

REVERSAL OF IMPAIRMENT

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

IMPAIRMENT OF SPECIFIC NON-FINANCIAL ASSETS

PROPERTY, PLANT AND EQUIPMENT

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

INTANGIBLE ASSETS

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Irrespective of whether there is any indication of impairment, the municipality also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

HERITAGE ASSETS

Where the carrying amount of an item of heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of heritage asset have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

	Note	2013 R	2012 R
2 INVENTORIES			
Closing balance of inventories		**121 287**	**107 265**
Consumable stores		**121 287**	**107 265**
3 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		9 927	7 280
Cash at bank		301 064	89 912
Call deposits		20 057 919	-
		20 368 910	**97 192**
The Municipality has the following bank accounts: -			
Current Account (Primary Bank Account)			
FNB Bank - Current Account 54660083097			
Cash book balance at beginning of year		85 927	431 691
Cash book balance at end of year		297 047	85 927
Bank statement balance at beginning of year		196 133	607 476
Bank statement balance at end of year			196 133
Current Account (Other Account)			
FNB Bank - Investment Account 62047182556			
Cash book balance at beginning of year		3 985	1 054
Cash book balance at end of year		4 017	3 985
Bank statement balance at beginning of year		3 985	1 054
Bank statement balance at end of year			3 985
Fixed Deposits			
FNB Bank Fixed Deposit account			
Cash book balance at beginning of year		-	-
Cash book balance at end of year		20 057 919	-
Bank statement balance at beginning of year		-	-
Bank statement balance at end of year		20 057 919	
Cash on hand		9 927	7 280
Total cash and cash equivalents		**20 368 910**	**97 192**

	Note	2013	2012
		R	R
4 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	**Gross Balances**	**Provision for Doubtful Debts**	**Net Balance**
Trade receivables	**R**	**R**	**R**
as at 30 June 2013			
Service debtors			
Refuse	891 791	244 898	646 894
Sundry	1 474 172	404 827	1 069 344
Total	**2 365 963**	**649 725**	**1 716 238**
Total Trade and other receivables	**2 365 963**	**649 725**	**1 716 238**
as at 30 June 2012			
Service debtors			
Refuse	729 301	185 168	544 133
Sundry	1 388 555	352 552	1 036 003
Total	**2 117 856**	**537 720**	**1 580 136**
Total Trade and other receivables	**2 117 856**	**537 720**	**1 580 136**
Aging Refuse and Sundry Debtors			
Current		46 846	46 846
30 Days		35 016	35 016
60 Days		39 275	35 156
90 Days		44 244	39 604
120 Days		37 855	33 886
150 Days		36 672	32 827
180 Days		2 126 054	1 894 521
Total		**2 365 963**	**2 117 856**

	Note	2013 R	2012 R
Reconciliation of the doubtful debt provision			
Balance at beginning of the year		537 720	535 195
Contributions to provision		112 005	2 525
Doubtful debts written off against provision			-
Reversal of provision		-	-
Balance at end of year		**649 725**	**537 720**

The fair value of trade and other receivables approximates their carrying amounts.

5 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Trade receivables - Property Rates	4 460 292	3 785 855
Traffic fine debtors	620 820	272 700
National Treasury	900 000	-
Eskom Deposits	232 199	232 199
Other debtors	1 916 309	1 206 733
Total	**8 129 620**	**5 497 486**

Trade receivables - Property Rates	**Gross Balances** **R**	**Provision for Doubtful Debts** **R**	**Net Balance** **R**
as at 30 June 2013			
Property Rates	7 481 331	3 021 039	4 460 292
	7 481 331	3 021 039	4 460 292

	Gross Balances **R**	**Provision for Doubtful Debts** **R**	**Net Balance** **R**
as at 30 June 2012			
Property Rates	6 286 101	2 500 247	3 785 855
	6 286 101	**2 500 247**	**3 785 855**

Property Rates: Ageing		
Current	148 130	124 465
30 Days	110 724	93 034
60 Days	124 190	104 349
90 Days	139 901	117 550
120 Days	119 701	100 578
150 Days	115 961	97 435
180 Days	6 722 724	5 648 691
Total	**7 481 331**	**6 286 101**

Reconciliation of the doubtful debt provision for property rates		
Balance at beginning of the year	2 500 247	2 376 527
Contributions to provision	556 162	123 720
Doubtful debts written off against provision	-35 370	-
Reversal of provision	-	-
Balance at end of year	**3 021 039**	**2 500 247**

The fair value of property rates approximates their carrying amounts.

MUTALE LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
AS AT 30 JUNE 2013

	Cost / Revaluation					Accumulated Depreciation								
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals		Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
6 Land and Buildings	**8 913 878**	**1 421 481**			**10 335 359**	**-1 229 613**				**GL**	**(1 533 167)**			**11 868 526**
Developed Land	8 913 878	1 421 481	-	-	10 335 359	(1 229 613)	(305 124)	-		(1 533 167)	(1 533 167)	-	-	11 868 526
Dwellings	-	-	-	-	-	-	-	-		-	-	-	-	-
Landfill Sites	-	-	-	-	-	-	-	-		-	-	-	-	-
Non Residential Structures	-	-	-	-	-	-	-	-		-	-	-	-	-
					-									
Infrastructure	**50 443 016**	**11 971 035**	**(4 583 537)**		**57 830 514**	**(953 584)**	**(452 885)**	**(453 645)**			**(1 860 114)**			**58 700 731**
Electricity	8 489 329	-	-	-	8 489 329	(367 312)	(127 636)	-			(494 948)	-	-	7 994 381
Roads	41 953 687	11 971 035	(4 583 537)	-	49 341 185	(586 272)	(325 249)	(453 645)			(1 365 166)	-	-	50 706 350
Water	-	-	-	-	-	-	-	-		-	-	-	-	-
Sewerage	-	-	-	-	-	-	-	-		-	-	-	-	-
Solid Wate Disposal	-	-	-	-	-	-		-		-	-	-	-	-
Community Assets	**3 160 529**				**3 160 529**	**(721 580)**	**(158 341)**	**-**			**(879 921)**			**2 280 608**
Cemeteries	1 101 440	-	-	-	1 101 440	(216 354)	-78 674,28	-			(295 029)	-	-	806 411
Clinics	-	-	-	-	-									
Community Centres	-	-	-	-	-									
Libraries	-	-	-	-	-									
Stadiums	-	-	-	-	-									
Sport Facilities	2 059 089	-	-	-	2 059 089	(505 225)	(79 667)	-		-	(584 892)	-	-	1 474 197
Markets	-	-	-	-	-	-	-	-			-	-	-	-
Other Assets	**8 577 155**	**927 681**	**(222 594)**		**9 282 242**	**(3 802 300)**	**(668 976)**	**270 176**			**(4 201 100)**			**5 081 142**
Plant and Equipment	1 614 044	171 053	(3 613)	-	1 781 484	(430 611)	(83 870)	723			(513 759)	-	-	1 267 725
Furniture & fittings	983 184	-	(58 432)	-	924 752	(499 812)	(63 367)	42 249			(520 930)	-	-	403 822
Bins and Containers	29 562	-	(5 061)	-	24 501	(22 172)	(3 695)	4 428			(21 438)	-	-	3 063
Office equipments	1 691 565		(575 346)		1 116 218	(834 909)	(102 446)	203 254			(734 101)			382 117
Computer Equipment	1 541 953	110 082			1 652 036	(716 664)	(149 609)	74 147			(792 126)	-	-	859 910
Transport Assets	4 408 412	646 546	(155 489)	-	4 899 469	**(2 133 042)**	**(368 434)**	**148 629**			(2 352 847)	-	-	2 546 623

MUTALE LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
AS AT 30 JUNE 2012

	Cost / Revaluation					Accumulated Depreciation								
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals		Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Other movements	Carrying Value
	19 348 031		**(1 896 230)**		**8 913 878**	**(1 772 632)**	**(296 540)**				**(1 229 613)**			**7 684 265**
Land and Buildings														
Developed Land	19 348 031	17 681	(1 896 230)		8 913 878	(1 562 538)	(204 341)	537 266	537 266	(1 229 613)	(1 229 613)	-	-	**7 684 265**
Dwellings	-	-	-		**-**	-	-	-		-	**-**	-	-	**-**
Landfill Sites	-	-	-	-	**-**	-					**-**	-	-	**-**
Non Residential Structures	-	-	-	-	**-**	-	-			-	**-**	-	-	**-**
Infrastructure	**52 172 619**		**(15 363 088)**	**13 633 485**	**50 443 016**	**(473 163)**	**(480 421)**				**(953 584)**			**49 489 432**
Electricity	23 852 417	-	(15 363 088)	-	8 489 329	(239 676)	(127 636)	-		(367 312)	(367 312)	-	-	8 122 017
Roads	28 320 202	-	-	13 633 485	41 953 687	(233 487)	(352 785)	-		(586 272)	(586 272)	-	-	41 367 415
Water	-	-	-	-	**-**	-	-	-		-	**-**	-	-	**-**
Sewerage	-	-	-	-	**-**	-	-	-		-	**-**	-	-	**-**
Solid Wate Disposal		-	-	-				-		-	-	-	-	-
Community Assets	**3 160 529**			3 160 529	**3 160 529**	**(563 239)**	**(158 341)**				**(721 580)**			**2 438 949**
Cemeteries	1 101 440	-	-	-	1 101 440	(137 680)	(78 674)	-		(216 354)	(216 354)	-	-	885 086
Clinics	-	-	-	-	**-**	-	-	-		(216 354)	**-**	-	-	**-**
Community Centres	-	-	-	-	**-**	-	-	-		-	**-**	-	-	**-**
Libraries	-	-	-	-	**-**	-	-	-		-	**-**	-	-	**-**
Stadiums	-	-	-	-	**-**	-	-	-		-	**-**	-	-	**-**
Sport Facilities	2 059 089	-	-	-	2 059 089	(425 559)	(79 667)	-		(505 225)	(505 225)	-	-	1 553 863
Markets	-	-	-	-	**-**									
Other Assets	**7 379 276**	**869 019**	**-**		**8 248 295**	**(3 407 566)**	**(557 395)**	**382 668**			**(3 582 292)**			**4 666 003**
Plant and Equipment	1 089 044	525 000	-	-	1 614 044	(358 384)	(72 227)	-		(430 611)	(430 611)	-	-	1 183 433
Furniture and fittings	916 924	66 260	-	-	983 184	(440 319)	(59 493)	-		(499 812)	(499 812)	-	-	483 372
Bins and Containers	29 562	-	-	-	29 562	(18 476)	(3 695)	-		(22 172)	(22 172)	-	-	7 391
Office equipments	1 670 725	20 840			1 691 565	(735 181)	(99 728)			(834 909)	(834 909)			856 656
Computer Equipment	1 135 096	77 997		-	1 213 093	(716 664)	(162 661)	382 668		(496 656)	(496 656)	-	-	716 437
Transport Assets	4 208 650	199 762	-	-	4 408 412	(1 873 723)	(259 318)	-		(2 133 042)	(2 133 042)	-	-	2 275 370